

Message Text

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ACTION EB-07

INFO OCT-01 AF-08 ISO-00 SP-02 USIA-15 AID-05 NSC-05

CIEP-02 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00

COME-00 FRB-01 INR-07 NSAE-00 XMB-04 OPIC-06 LAB-04

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TAGS: EINV, BDIS, LI

SUBJ: NEW CONCESSION AGREEMENT SIGNED BY FIRESTONE AND GOL

REF: MONROVIA 3566

1. ACCORDING TO GOL PRESS RELEASE A NEW CONCESSION AGREEMENT WAS SIGNED ON AUG. 20 BY MINAG, MINFIN, AND PRESIDENT TOLBERT FOR GOL AND BY EXECUTIVE V.P. OF FIRESTONE TIRE & RUBBER CO. FRANK A. LEPAGE. THIS AGREEMENT REPLACES THE 1926 AGREEMENT WITH AMENDMENTS, HIGHLIGHTS OF WHICH ARE AS FOLLOWS:

A. FIRESTONE TO BE SUBJECT TO ALL LIBERIAN TAX LAWS OF GENERAL APPLICATION.

B. RUBBER PLANTATION OPERATIONS TO BE CARRIED OUT BY FIRESTONE'S WHOLLYWAOWNED LIBERIAN SUBSIDIARY, FIRESTONE PLANTATIONS COMPANY, TO WHICH OWNERSHIP OF ALL ASSETS WILL BE TRANSFERRED FROM PARENT COMPANY.

C. WHEN AGREEMENT EXPIRES IN YEAR 2025, GOL TO RECEIVE TITLE TO ALL FIXED ASSETS INCLUDING RUBBER TREES, ROADS AND BUILDINGS ON PLANTATIONS.

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D. FIRESTONE TO SELL RUBBER AT QTE BEST OBTAINABLE PRICES

UNQTE AND TO BUY RUBBER FROM INDEPENDENT GROWERS AT QTE FAIR
AND EQUITABLE PRICES UNQTE.

E. FIRESTONE TO MAKE AVAILABLE EDUCATIONAL AND MEDICAL
FACILITIES TO ALL EMPLOYEES.

F. FIRESTONE TO CARRY OUT LIBERIANIZATION OF ITS OPERATIONAL
ACTIVITIES COUPLED WITH COMPREHENSIVE TRAINING PROGRAM.

2. COMMENT: IT TOOK THREE YEARS TO NEGOTIATE THE AGREEMENT,
INCLUDING A PERIOD OF OVER SIX MONTHS FOLLOWING DEATH OF
FORMER FINANCE MINISTER STEPHEN TOLBERT WHEN TALKS WERE
SUSPENDED. FROM ALL EVIDENCE, FIRESTONE FOUGHT HARD TO RETAIN
ITS LONG-HELD PRIVILEGES BUT RELUCTANTLY CAVED IN TO STRONG,
PERSISTENT GOL DEMANDS. FIRESTONE HAS EVIDENTLY DECIDED IT CAN
DO BUSINESS UNDER THE NEW AGREEMENT SINCE THE COMPANY ACCORDING
TO RELIABLE SOURCES, WILL RESUME ITS SUSPENDED INVESTMENT
PROGRAM. THE AGREEMENT SHOULD BE HELPFUL IN IMPROVING FIRESTONE'S
TARNISHED LOCAL IMAGE. IT IS ALSO LIKELY TO SET THE PATTERN
FOR MODIFICATIONS OF CONCESSION AGREEMENTS EXPECTED TO BE
NEGOTIATED SOON WITH GOODRICH AND UNIROYAL.
HORAN

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